

Educational; community sports activity. An otherwise qualifying nonprofit organization that conducts clinics, workshops, lessons, and seminars at municipal parks and recreational areas to instruct and educate individuals in a particular sport is operated exclusively for educational purposes and qualifies for exemption; Rev. Rul. 65-2 amplified.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for educational purposes.

'The organization is organized and operated to instruct and educate individuals of all ages and skill levels in a particular sport. It conducts clinics, workshops, lessons and seminars at municipal parks and recreational areas.

'The organization's instruction program is open to anyone in the community for a nominal fee. Its board of directors is composed of individuals of all segments of the community who are interested in the sport. No compensation is paid to its directors or officers, and instructional activity is performed by volunteers without pay. The organization's income is used principally for the purchase of equipment necessary for the sport. Any difference between income and expenses is made up by contributions from interested members of the community.

The organization does not establish rules, set standards for equipment, or sponsor league competition for the sport in which it provides instruction.

'Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations defines the term 'educational' as including the instruction or training of the individual for the purpose of improving or developing his capabilities.

'Rev. Rul. 65-2, 1965-1 C.B. 227, holds that an organization that is organized and operated for the purpose of teaching a particular sport to children qualifies for exemption under section 501(c)(3) of the Code. It provides free instruction, equipment, and facilities to participants. The instruction is provided by qualified instructors in schools, playgrounds, and parks. The ruling concludes that, in carrying out the purposes for which the organization was formed, it meets the requirements of section 1.501(c)(3)-1(d)(3) of the regulations through its offering of a personally taught course of instruction relating to a particular sport.

While Rev. Rul. 65-2 describes an organization that offered its program of instruction only to children, the definition of 'educational' provided in section 1.501(c)(3)-1(d)(3) of the regulations contains no limitation with regard to age in defining that term. Therefore, by instructing individuals of all ages in a given sport in the manner described, the above organization is instructing or training individuals for the purpose of improving or developing their capabilities.

'Accordingly, it is operated exclusively for educational purposes, and qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

'Rev. Rul. 65-2 is hereby amplified.

'Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.